

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 3584 - SB 3503

March 19, 2012

SUMMARY OF BILL: Removes the University of Tennessee (UT) and the Tennessee Board of Regents (TBR) from the requirements in Tenn. Code Ann. § 71-4-502 related to the operation of vending machines and food services by vendors who are blind.

ESTIMATED FISCAL IMPACT:

On March 2, 2012, a fiscal note was issued for this bill with a fiscal impact of *Increase State Revenue – Net- \$262,900*. After further analysis and discussion with the Office of Legislative Budget Analysis and the Department of Human Services, it has been determined that the fiscal impact was in error and has been changed to show the loss of federal funding to DHS and a breakout of the decrease in revenue to DHS and an increase in revenue to the Tennessee Board of Regents. The fiscal impact is as follows.

(CORRECTED)

Decrease State Revenue – \$167,000/DHS

Increase State Revenue - \$429,900/TBR

Decrease Federal Expenditures - \$617,000

Other Fiscal Impact – As a result of the DHS decrease in state revenue of \$167,000, the Department will not draw down federal funding for the Tennessee Business Enterprise Program. In FY10-11, funding from the blind vendor program was used to draw down \$617,000 in federal funding for the Tennessee Business Enterprise Program.

Assumptions:

- According to the Department of Human Services (DHS), there are currently 139 blind vendors statewide. Twenty-nine blind vendor stands and sixteen blind vendors that have a portion of their facility attached to institutions will be affected.
- According to DHS, blind vendors use a portion of their earnings as set-aside funding to match federal funds for the Tennessee Business Enterprise Program (TBE). In FY10-11, blind vendors placed \$167,000 in set-aside funding that was used to draw down federal funding of \$617,000 utilized by the TBE program.

HB 3584 - SB 3503 (CORRECTED)

- DHS will not receive \$167,000 in set-aside funding in FY12-13 and subsequent fiscal years, resulting in a loss of the federal TBE funding. The total decrease in state revenue from the blind vendor program and loss of federal funding will be \$784,000 (\$167,000 + \$617,000).
- According to the Tennessee Board of Regents, the institutions will receive any net income that the blind vendors currently receive from the operation of vending machines or food service locations.
- Using revenue data from DHS, TBR estimates that each food service location generates \$50,000 in income annually and each vending machine generates \$861.32 annually.
- The community colleges within the TBR have a total of 255 vending machines and two food service locations operated by blind service vendors. The Technology Centers have a total of 128 vending machines operated by blind service vendors.
- The increase in state revenue for vending machines will be \$329,886 ($\861.32×383 machines).
- The increase in state revenue from food service locations will be \$100,000 ($\$50,000 \times 2$).
- The total increase in state revenue to TBR will be \$429,886 ($\$329,886 + \$100,000$).
- UT does not have vending machines or food service facilities serviced by blind vendors.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/msg